

By: Johnson of Dallas

H.B. No. 671

A BILL TO BE ENTITLED

1 AN ACT
2 relating to the operation of the capital access program and to
3 transfers to and from the capital access fund.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

5 SECTION 1. Section 481.078, Government Code, is amended by
6 amending Subsection (c) and adding Subsections (d-2) and (d-3) to
7 read as follows:

8 (c) Except as provided by Subsections (d) ~~and~~ (d-1),
9 (d-2), and (d-3), the fund may be used only for economic
10 development, infrastructure development, community development,
11 job training programs, and business incentives.

12 (d-2) On the second day of each state fiscal biennium, the
13 comptroller shall determine:

14 (1) an amount equal to 10 percent of the unencumbered
15 balance of the fund; and

16 (2) after consultation with the bank, an amount equal
17 to the sum of the unencumbered balance of the capital access fund
18 and the aggregate amount of contributions made by the bank to
19 reserve accounts established under Subchapter BB during the
20 preceding state fiscal biennium.

21 (d-3) If the amount determined under Subsection (d-2)(1) is
22 greater than the amount determined under Subsection (d-2)(2), the
23 comptroller, not later than the 30th day of the state fiscal
24 biennium for which the determination is made, shall transfer from

1 the fund to the credit of the capital access fund an amount equal to
2 the difference between those amounts.

3 SECTION 2. Section 481.404, Government Code, is amended to
4 read as follows:

5 Sec. 481.404. POWERS OF BANK IN ADMINISTERING CAPITAL
6 ACCESS FUND. (a) In administering the fund, the bank has the powers
7 necessary to carry out the purposes of this subchapter, including
8 the power to:

9 (1) make, execute, and deliver contracts,
10 conveyances, and other instruments necessary to the exercise of its
11 powers;

12 (2) invest money at the bank's discretion in
13 obligations determined proper by the bank, and select and use
14 depositories for its money;

15 (3) employ personnel and counsel and pay the persons
16 from money in the fund legally available for that purpose; and

17 (4) impose and collect fees and charges in connection
18 with any transaction and provide for reasonable penalties for
19 delinquent payment of fees or charges.

20 (b) The bank may not transfer money out of the fund except to
21 carry out the purposes of this subchapter.

22 SECTION 3. Section 481.405, Government Code, is amended by
23 adding Subsection (c-1) to read as follows:

24 (c-1) For the purpose of determining the eligibility of a
25 financial institution to participate in the program, the bank shall
26 use a methodology that gives priority to financial institutions
27 located in areas designated as enterprise zones under Chapter 2303.

1 SECTION 4. Section 489.211(b), Government Code, is amended
2 to read as follows:

3 (b) The product fund is composed of proceeds of bonds issued
4 under this subchapter, financing application fees, loan
5 repayments, guarantee fees, royalty receipts, dividend income,
6 money appropriated by the legislature for authorized purposes of
7 the product fund, amounts received by the state from loans, loan
8 guarantees, and equity investments made under this subchapter,
9 amounts received by the state from federal grants or other sources,
10 [~~amounts transferred from the capital access fund under Section~~
11 ~~481.415,~~] and any other amounts received under this subchapter and
12 required by the bank to be deposited in the product fund. The
13 product fund contains a program account, an interest and sinking
14 account, and other accounts that the bank authorizes to be created
15 and maintained. Money in the product fund is available for use by
16 the board under this subchapter. Investment earnings under the
17 product fund must be transferred to the fund created under Section
18 489.105. Notwithstanding any other provision of this subchapter,
19 any money in the product fund may be used for debt service.

20 SECTION 5. Section 489.212(b), Government Code, is amended
21 to read as follows:

22 (b) The small business fund is composed of proceeds of bonds
23 issued under this subchapter, financing application fees, loan
24 repayments, guarantee fees, royalty receipts, dividend income,
25 money appropriated by the legislature for authorized purposes of
26 the small business fund, amounts received by the state from loans,
27 loan guarantees, and equity investments made under this subchapter,

1 amounts received by the state from federal grants or other sources,
2 [~~amounts transferred from the capital access fund under Section~~
3 ~~481.415,~~] and any other amounts received under this subchapter and
4 required by the bank to be deposited in the small business
5 fund. The small business fund contains a project account, an
6 interest and sinking account, and other accounts that the bank
7 authorizes to be created and maintained. Money in the small
8 business fund is available for use by the board under this
9 subchapter. Investment earnings under the small business fund
10 must be transferred to the fund created under Section
11 489.105. Notwithstanding any other provision of this subchapter,
12 any money in the small business fund may be used for debt service.

13 SECTION 6. Section 481.415, Government Code, is repealed.

14 SECTION 7. Notwithstanding Sections 481.078(d-2) and
15 (d-3), Government Code, as added by this Act, not later than the
16 30th day of the state fiscal biennium beginning September 1, 2017,
17 the comptroller shall transfer 10 percent of the unencumbered
18 balance of the Texas Enterprise Fund as of September 2, 2017, to the
19 credit of the capital access fund in lieu of taking any other action
20 under those subsections for the state fiscal biennium beginning
21 September 1, 2017.

22 SECTION 8. This Act takes effect September 1, 2017.